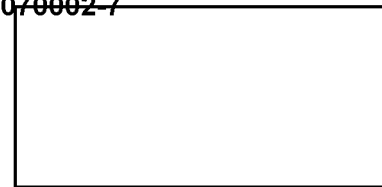




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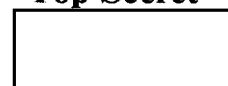


National Intelligence Daily (Cable)

8 February 1979

State Dept. review completed

Top Secret



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25X1

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Contents

25X1

Briefs and Comments

USSR-Iran: *Soviet Views on Khomeini* 3

25X1

Vietnam: *Food Shortages* 6

Turkey: *Another Assassination* 7

Belgium: *Decision on Troops to Zaire* 7

International: *Wheat Agreement Negotiations* 8

Special Analyses

Iran: *A Crucial Turning Point* 9

25X1

France: *Domestic Politics and Europe* 12

25X1

Approved For Release 2004/07/08 : CIA-RDP79T00975A031100070002-7

Next 1 Page(s) In Document Exempt

Approved For Release 2004/07/08 : CIA-RDP79T00975A031100070002-7

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BRIEFS AND COMMENTS

USSR-IRAN: Soviet Views on Khomeini

Recent Soviet public statements have indicated an increasingly favorable, but cautious, view of Iranian opposition leader Khomeini. The statements presumably reflect the USSR's view that it will eventually be dealing with the government he designates.

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Press comment has depicted Khomeini as an anti-imperialist who would cut military alliances with the West, curtail arms purchases, and eliminate the US military presence in Iran. At the same time, the Soviets have indicated they have some reservations with parts of his plan for an Islamic republic and have implied that the banned Communist Tudeh Party should be included in the opposition political movement.

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On Sunday, a Leningrad lecturer defended Khomeini and cast his views in a positive light; this contrasted with a lecture last week in which the religious leader was referred to critically. In a recent conversation, a Soviet diplomat indicated that the more "objective" Soviet media treatment of Khomeini reflected the conclusion that he represented "progressive" tendencies because of his support among the Iranian people. He maintained, however, that the Soviets were trying to take a "neutral" course because they still have many doubts about him.

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The Soviets continue to attack alleged US intentions in Iran. While their charges that the US is planning a military coup have abated somewhat, the media, including *Pravda*, are reprinting charges of US involvement in alleged assassination plots aimed at Khomeini and his associates. The US was also accused of trying to prevent Khomeini's return to Tehran last week.

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VIETNAM: Food Shortages

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//The effects of an estimated 3-million-ton shortfall in grain production last year in Vietnam are becoming increasingly evident. Officials are concerned about food shortages, and the war in Kampuchea has worsened the problem.// [REDACTED]

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//The shortages exist throughout Vietnam, and associated malnutrition has been reported in Ho Chi Minh City. The government is holding food allotments in the city to nine kilograms per person per month of manioc, sweet potatoes, and noodles, which at best are only carbohydrate supplements equivalent to about one-third of the minimum total energy requirement for an adult male. The ration is more generous in Hanoi--around 15 kilograms per person per month of starches. Consumers must supplement their diet by purchasing food at free markets at over 10 times the official price of rations.//
[REDACTED]

Since North Vietnam annexed the South in 1975, it has made no progress on the goal of food self-sufficiency by 1980. Geography and climate limit food production in the north; a lack of economic incentives and resistance to collectivization preclude a rice surplus in the south. Food production problems were worsened last year by unusually severe flooding. In addition, insects did serious damage to high-yielding varieties of rice. [REDACTED]

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//The war in Kampuchea has caused authorities to divert rice to Vietnamese troops in Kampuchea, and mobilization of transportation for the war effort has disrupted normal food distribution channels. Vietnam typically imports 1.5 to 2 million tons of grain annually, and will probably have to import nearly 3 million tons this year. We believe the USSR will continue to provide or finance most of Vietnam's food imports at a level sufficient to avert serious food shortages but not enough to boost rations.// [REDACTED]

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TURKEY: Another Assassination

A radical leftist group has claimed responsibility for the murder on Tuesday of a rightist politician and former police official in Istanbul. Although the victim was not nearly as well known as the editor killed last week, the killing will probably be interpreted as further evidence that rightist and leftist extremists have begun to target members of the establishment as well as each other. Since both murders occurred in an area under martial law, the armed forces may now demand a freer hand in its implementation. Prime Minister Ecevit, already under heavy criticism from the parliamentary opposition, will find it hard to resist giving the military a greater role in the administration of martial law. [REDACTED]

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BELGIUM: Decision on Troops to Zaire

//Belgian Foreign Ministry officials have told the US Embassy in Brussels that the decision to send additional troops to Zaire next week is intended in part to preclude domestic criticism should trouble erupt in Zaire. The Belgian Government apparently is still sensitive about charges after the Shaba invasion last year that Belgian forces "arrived too late, after the French" and that they inadequately protected Belgian nationals.

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[REDACTED]
[REDACTED] The two companies of commandos are going to Zaire under an existing military agreement and will be sent to an area close to where the majority of Belgian and other European civilians are located. Belgian military authorities have inquired about the possibility of the US providing transportation for the troops.// [REDACTED]

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INTERNATIONAL: Wheat Agreement Negotiations

//Negotiations on a new International Wheat Agreement are bogged down over the price that will trigger the release on the international market of proposed buffer stocks. The EC and other importing countries argue that the US-proposed stock release price of \$215 per ton is too high; the EC refuses to budge from its proposed \$195. Of the exporters, Canada wants a price even higher than the US proposal; Australia and Argentina would accept something in the range of \$185 to \$200. Unless the EC and the developing countries are willing to go along with a price near the \$215 level, negotiations on other aspects of the agreement will remain stalled and the prospects will be dim for an agreement this year.//

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SPECIAL ANALYSES

IRAN: A Crucial Turning Point

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[REDACTED]

The crisis in Iran is approaching a turning point. The key question appears to be whether there will be an orderly transfer of power from Prime Minister Bakhtiar's government to one acceptable to the Islamic opposition movement. If power is legally transferred to a provisional government headed by Ayatollah Khomeini's prime minister - designate Mehdi Bazargan, the prospects for restoring relative stability should improve because of Khomeini's mass support. [REDACTED]

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If Bakhtiar refuses an arrangement that would allow Bazargan to assume power legally, Khomeini is likely to order an illegal takeover that would prompt a showdown with the military. In that case, the situation is likely to deteriorate sharply. Khomeini has already threatened to order an armed uprising and continued strikes to paralyze the economy. [REDACTED]

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//Bazargan and other moderates in the Liberation Movement of Iran are eager to find a political compromise. He has move cautiously so far in his efforts to oust Bakhtiar but, [REDACTED]

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[REDACTED] he is under pressure from Khomeini to move more quickly to establish an Islamic republic. Bazargan is probably not willing to break with Khomeini if the Ayatollah insists on a showdown. [REDACTED]

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Bazargan apparently hopes he can gain power simply by having the legislature vote Bakhtiar out and him in. This procedure could take some time and the risk is high of some unpredictable incident upsetting the process. [REDACTED]

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The Bakhtiar regime is evidently incapable of restoring order because it lacks significant popular support. Even the government bureaucracy does not obey

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Bakhtiar. Although some in the middle class have rallied to the Prime Minister, they are timid and unorganized.

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Bakhtiar and some senior military officers, including General Gharabaghi, chairman of the Supreme Commander's Staff, insist they will accept changes in the country's political structure if they are accomplished constitutionally and gradually. Bakhtiar has offered concessions to the opposition. The senior officers in the military are particularly concerned that their interests be protected and that the integrity of the military as an institution be safeguarded in any transition.

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If no accommodation is reached soon between Bazargan and Bakhtiar that allows an orderly transition, the country will remain mired in confusion. Khomeini will urge his followers to continue the demonstrations, and crippling strikes will keep the economy paralyzed.

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In these circumstances the danger will grow that one side may become sufficiently impatient that it decides to force a showdown. If Bazargan supporters try to take over the control of key ministries, for example, the military will probably resist and arrest them. Such a move would spark hardliners in the opposition to press for armed struggle--plunging Iran into civil war. Some in the opposition are already collecting arms and preparing for a holy war.

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Leftist forces--including the pro-Soviet Tudeh Party--are already calling for an armed struggle against

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the regime. They probably would welcome continuing unrest and confusion because it gives them the opportunity to organize and develop their own forces. These radical forces could try to precipitate an incident to spark a showdown. [REDACTED]

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No Iranian regime that emerges from the crisis of recent months will restore the extremely close ties with the US that prevailed under the Shah. Bakhtiar has already promised to pull Iran out of the Central Treaty Organization and to end Iran's role as policeman of the Persian Gulf. An Islamic republic under Bazargan's direction would doubtless further re-evaluate Iran's ties to the West. [REDACTED]

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FRANCE: Domestic Politics and Europe

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The campaign for direct elections to the European Parliament in June is now fully under way in France among the political elite, although it has so far left the general public indifferent. It has already sparked heated debate over France's role in Europe, deepened divisions within the governing coalition and in the left opposition, and given President Giscard's rivals on both the left and right issues they can use to further their presidential ambitions. The Gaullists and Communists have been evoking old demons of German domination, too much US influence, and loss of French sovereignty in an effort to draw out voters for an election all parties view as a test of political strength in the runup to the 1981 presidential contest. Although Giscard is in a strong position, there are signs that the campaign is already affecting his political calculations, particularly in foreign policy.

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Giscard has tried to play down the domestic importance of the European contest, but the three losers in the legislative election last March--the Gaullists, Communists, and Socialists--are seeking not so much vengeance as political survival. The Socialists and Communists must do at least as well as they did in March--22.6 percent and 20.6 percent respectively. The Socialists, however, hope to move even further ahead of the Communists and prove that they are the "first party" of France.

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Most of the Gaullists, permanently at odds with Giscard over his desire for rapprochement with the non-Communist left and his long-range goal of governing France from the center, fault the President for not appreciating their role in the defeat of the left. Many Gaullists probably genuinely suspect that Giscard intends to bring France into a Europe more "supranational" than they can accept.

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For Gaullist leader Jacques Chirac, who wants to displace Giscard as France's leading political figure, the European issue is partially a pretext--a way of keeping himself in the spotlight as the principal defender of French national independence and *grandeur*. Chirac has been trying to make the election a referendum on Giscard's social and economic policies as well as his European strategy. [REDACTED]

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In a recent press conference and in television appearances, Chirac has stressed the Gaullist alternative to Giscard's European policy. He says present French policy, by acquiescing in the expanding bureaucratic power of the EC, does not sufficiently defend French interests. He has also said that members of the Gaullist list elected to the European Parliament will be asked to resign at the end of one year; other members of the Gaullist slate would then serve each remaining year of the five-year term. This scheme would limit the importance of the EC mandate and assure that Gaullist deputies do not become "Eurobureaucrats." Because foreign affairs is Giscard's strong suit, Chirac is not on particularly good ground in challenging his conduct of foreign affairs, but he hopes to capitalize on nationalistic sentiments and garner support by stressing the government's inadequacy in such matters as reducing unemployment. [REDACTED]

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Giscard is not anxious to hand his rival profitable issues, especially in sensitive areas like the multi-lateral trade negotiations, the European Monetary System, and enlargement of the EC. On all these issues, Giscard is taking pains to show that he puts French interests first. Thus, Giscard has delayed the introduction of the European Monetary System, planned for the beginning of 1979, until he can extract a promise from other EC members that French complaints over related financial aspects of the common agricultural policy are resolved; French farmers have become increasingly concerned about the advantages the present arrangements give to West German farmers. [REDACTED]

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In their negotiations with the Community on the multilateral trade negotiations, meanwhile, French representatives have been careful to seek adequate trade-offs for any concessions that could be viewed as contributing to France's already serious unemployment problem; in a recent poll, 79 percent of the French public thought the government was not doing enough about unemployment. [REDACTED]

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Enlargement of the Community is an equally sensitive issue: all of Giscard's opponents, particularly the Communist Party, argue that the prospective enlargement poses a serious threat to farmers in France's politically important southwest. [REDACTED]

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The Communists and Socialists are still blaming each other for losing the March election, and the European issue is one more source of conflict between them. The Communists have the harshest anti-European line, and they see the contacts and links of the Socialists with other pro-European parties as one more "proof" of the Communist charge that the Socialist Party has veered to the right. [REDACTED]

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Within the Socialist Party, deeply divided over leadership and party orientation, the European issue was apparently one of several factors that led Pierre Mauroy, the powerful head of the party's northern federations, to throw his support this month to presidential hopeful Michel Rocard, thus greatly increasing Rocard's chances of becoming the Socialist presidential candidate in 1981. Mauroy has refused to accept his party's slow slide--condoned thus far by Socialist chief Francois Mitterrand--toward a nationalistic position more hostile to European integration. The Mauroy-Rocard faction and the Mitterrand faction are certain to clash at the Socialist congress in April. [REDACTED]

The European election campaign will keep the political pot boiling until June. While Giscard is in a strong position, the unique nature of the contest and its many

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uncertainties--it will be the first time the French have voted under proportional representation in 20 years--mean he can take nothing for granted. Whatever Giscard's real intentions on Europe, he will have to clothe them in ambiguities and stress the "confederal" nature of his European view. He will do all he can to prevent his rivals from exploiting the European issue to deal him and his fledgling Union for French Democracy a defeat that could have ramifications stretching well beyond the June balloting.

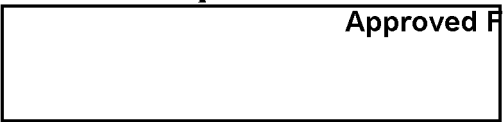
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